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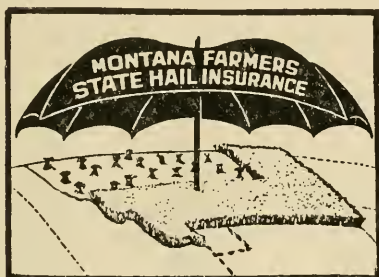


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1955 ANNUAL REPORT

# STATE BOARD OF HAIL INSURANCE

TO MONTANA GRAIN GROWERS



## 1955 BUSINESS SUMMARY

Total Risk Written .....	\$5,428,902.41
Premium Charge .....	\$ 466,205.70
Losses Paid .....	\$ 198,726.90
Policies Issued (1032 cash) .....	2,305
Loss Claims Filed .....	310
Total Acres Insured .....	513,811.7
Acres Reported Damaged .....	74,129.9
Average Acres Insured Per Policy ....	223
Number of Days With Hail .....	26
Loss Ratio .....	3.7%
Aver. Cost per \$1,000 of Protection ..\$	85.80
Average Cost of Insurance .....	8.6%
Operating Expense Ratio .....	6.2%

**THE RESERVE FUND** going into the 1956 hail season holds \$1,200,000, which is invested in U. S. securities which will pay about \$30,000 interest during the year, and which amounts to more than the cost of operating the hail insurance department.

The total assets of the hail insurance department at the start of the 1956 hail season will run over \$1,500,000. In addition to the reserve fund the state treasurer holds over \$300,000 in the hail insurance operating fund.

All grain growers should read this report carefully for full information on state hail insurance, and especially pages 6 and 7 on how to obtain it.

Payments on State Hail Insurance losses may be assigned but are not subject to garnishee or attachment. They are yours to use as you think best for the continuance of your farming operations.

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January 31, 1956

Honorable Hugo J. Aronson, Governor  
Capitol Building.

Preliminary report on 1955 operations.

Dear Governor Aronson:

It is with pleasure that I am now giving you this preliminary report on the operations of the State Hail Insurance Department. It was another very successful year. Additional details on 1955 together with comparisons with former years will be sent when the annual Report to Montana Grain Growers is issued later.

The total volume of business was about the same as 1954 but lower than the record year of 1953. (A complete summary for 1955 will be found on the first page of this report).

Only 43% of the premiums was needed to pay losses. The loss ratio was only 3.7% as compared to the all year loss ratio of 6.2%. The main storm was July 6th when loss claims were filed from about 25 counties. It was the most severe in the triangle and in southern Golden Valley and northern Stillwater counties. These losses were quite expensive to adjust due to being so widely scattered and so much of the grain being so green and immature we could not fairly estimate the extent of the recovery of the grain for weeks. In fact, many of the triangle losses were not adjusted until about the end of August. This required occasional visits by the adjusters to the fields until the extent of the recovery could be ascertained. The losses in July after the 6th were not severe and the August losses on the whole were light.

The 1955 rates for hail insurance were set at the maximum early in August. The main reasons for this were, that August losses are frequently severe and that we wished to bring the reserve fund to the limit of \$1,200,000 if circumstances permitted. This stood at \$1,050,000 at the start of the hail season. Also the various county officers need the current rates in August so that they can have them charged and be ready to receive payments when the grain is harvested and sold or put under loan.

Regarding the reserve fund. The Board has now, through Mr. Bretzke, Commissioner of State Lands, re-invested all of the 1955 reserve fund of \$1,050,000 and added another \$150,000. This makes the total reserve fund come to the maximum of \$1,200,000. It is invested in U. S. Treasury Certificates at 2½% and Federal Land Bank bonds at 2⅞%, all maturing late in 1956. The interest on these will add about \$30,000 to the hail insurance fund, and which will about pay the entire 1956 operating costs of the State Hail Insurance Department. This means that all of the 1956 hail insurance premiums may be used for payment of hail losses if needed this year.

There is a good chance that rates for hail insurance in 1956 will be lower because in recent years the rates each year have been set higher than needed for current losses so that the reserve fund could be built up. If the 1956 losses do not turn out much more severe than the average, no addition to the 1956 levies needs to be added for the maintenance of the reserve fund.

The Hail Insurance Board greatly appreciates the loyal support of such a large number of Montana grain growers.

This has permitted the building of the reserve fund to the maximum. The Board will make every effort to preserve the fund at its present level and at the same time, provide fair and equitable adjustments and payments of all hail losses as they may occur.

The favorable outcome for 1955 was due largely to the chance of location for several of the most severe storms. It was lucky for us that they did not strike the areas where the largest aggregation of state hail policies were located. Following is a record of the counties with larger insurance in force:

County	Premiums	Losses	Loss Ratio	
			1955	Average
Big Horn .....	\$41,850	\$10,484	2%	8%
Dawson .....	31,406	11,952	4%	11%
Fergus .....	33,087	8,312	2%	7%
McCone .....	72,726	15,651	2%	7%
Richland .....	51,764	3,829	1%	7%
Sheridan .....	24,946	281	1%	4.4%
State wide average .....			3.7%	6.2%

Here are a few of the smaller income counties which show how our years losses might have been boosted if the heavier losses had occurred in the higher income counties.

County	Premiums	Losses	Loss Ratio	
			1955	Average
Broadwater .....	\$ 807	\$ 3,643	20%	4.3%
Golden Valley ....	6,300	22,473	36%	10.7%
Hill .....	10,810	24,811	15%	4.7%
Rosebud .....	888	1,840	19%	7.7%
Valley .....	4,479	7,360	13%	4.8%
State wide loss ratio .....			3.7%	6.2%

A comparison of the 1955 loss ratios in the higher income counties with the smaller income counties seems to prove that any locality east of the mountains may get disastrous storms any summer and that the only way to be sure of avoiding disaster is to carry a reasonable amount of hail insurance.

The prompt and efficient work of the various county assessors and treasurers together with that of the farmer adjusters has been the main factor in making 1955 such a successful hail insurance year. All our Board joins heartily in commending them for their good work.

Also, your courtesy and cooperation has been greatly appreciated by all of us who have had the responsibility and pleasure of handling this hail insurance service for the benefit of the Montana grain growers.

If you desire further information at any time above that furnished in this letter and the Report to Montana Grain Growers which will follow later, it will be my pleasure to endeavor to furnish it.

Respectfully submitted for the State Board of Hail Insurance,

*E. K. Bowman*, Chairman

EKB:gm



# DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1955 Risk	1955 Levy	1955 Losses	1955 Loss Ratio	37 Year Loss Ratio
Big Horn .....	\$ 428,810.00	\$ 41,849.94	\$ 10,484.35	2%	8%
Blaine .....	74,842.80	5,390.76			4
Broadwater .....	18,566.00	807.34	3,643.42	20	4
Carbon .....					3
Carter .....	8,570.00	902.16			10
Cascade .....	25,352.22	1,801.69	368.42	2	3
Chouteau .....	433,414.00	30,739.15	29,380.00	7	3
Custer .....					6
Daniels .....	199,365.00	16,016.67	517.73		4
Dawson .....	333,808.27	31,406.10	11,952.92	4	11
Fallon .....	114,764.00	11,593.11	3,680.92	3	9
Fergus .....	362,022.00	33,087.67	8,311.79	2	7
Flathead .....					4
Gallatin .....					8
Garfield .....	57,258.00	5,173.87	465.16	1	7
Glacier .....	32,571.90	2,200.22			3
Golden Valley .....	63,124.00	6,300.05	22,472.79	36	11
Granite .....					5
Hill .....	164,768.00	10,068.60	24,810.98	15	5
Jefferson .....					2
Judith Basin .....	91,227.00	7,324.46	1,366.47	2	12
Lewis and Clark .....	3,656.00	148.66	2,585.51	71	7
Liberty .....	344,623.00	20,527.49	17,526.53	5	5
Madisen .....					4
McCone .....	734,642.19	72,625.98	15,650.98	2	7
Meagher .....					11
Musselshell .....	14,110.00	1,495.26	720.00	5	13
Park .....					12
Petroleum .....	9,470.40	865.54			6
Phillips .....	51,153.20	4,079.96			4
Pondera .....	78,647.00	5,032.80			6
Powder River .....	153,304.50	13,819.99	6,785.37	4	7
Powell .....					1
Prairie .....	162,019.00	16,019.60	6,701.86	4	10
Ravalli .....					9
Richland .....	524,531.56	51,764.40	3,839.20	1	7
Roosevelt .....	210,256.00	14,439.68	5,908.71	3	3
Rosebud .....	9,468.00	877.84	1,840.52	19	8
Sheridan .....	310,967.50	24,946.35	281.30		4
Stillwater .....	48,124.00	4,718.55	5,075.61	11	9
Sweet Grass .....					6
Teton .....	23,268.00	1,385.04			2
Toole .....	126,509.00	8,534.14	434.88		5
Treasure .....	18,389.50	1,793.46	2,460.92	13	14
Valley .....	55,630.00	4,478.68	7,360.43	13	5
Wheatland .....	34,864.37	3,510.21	2,746.60	8	10
Wibaux .....	69,704.00	6,734.75	368.20	1	7
Yellowstone .....	37,052.00	3,745.53	985.33	3	6
	\$5,428,902.41	\$466,205.70	\$198,726.90	3.7%	6.2%

## 37 YEAR SUMMARY

Total Risk Written .....	\$99,548,165.72
Premium Charge .....	\$ 8,437,579.92
Losses Paid .....	\$ 6,239,775.09
Policies Issued .....	64,881
Total Acres Insured .....	11,322,243.1
Average Acreage Per Policy .....	175
Average Risk Per Acre .....	8.79
Loss Ratio .....	6.2%
Average Cost Per \$1,000 of Insurance .....	\$ 84.00
Number of Losses Filed .....	14,167
Operating Expense Ratio .....	6.7%

## ADMINISTRATION ACCOUNT FOR 1955

Jan. 1, 1955 to December 31, 1955

1. State office salaries, traveling expenses, chair- man, clerk hire, board members per diem and expenses .....	\$10,534.72
2. General office expenses (printing, stationery, supplies, postage, telephone, telegraph, equip- ment, insurance, employees' bonds, car main- tenance, P.E.R.S. ....)	\$ 4,947.71
3. Hail adjusters per diem and expense .....	\$12,899.60
4. Office rent .....	\$ 300.00
	\$28,682.03



## HOW TO GET STATE HAIL INSURANCE

### APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH YOUR GRAIN IS GROWING

**Any Owner of Mortgaged Land With Not More Than One Year of Delinquent Tax** may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

**Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax** may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

**Any Tenant** desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the county clerk and recorder.

**Any Tenant** who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

**No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than on which the crops to be insured are growing.**

**Hail insurance liens are a first lien on all insured crops except liens given for the purchase of seed used to plant the insured crop.**

**4% Discount Will Be Given Those Who Pay Cash for Their Hail Insurance.** For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

**When To Insure.** Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. **No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming.** Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated. **No policies will be issued after August 15th.**

**How Much Hail Insurance Per Acre.** All non-irrigated grain may be insured for not more than \$12 except barley which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley which is limited to \$20.

**Hail Insurance on Special Crops.** Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, potatoes, corn, mustard and alfalfa seed .....	\$24.00
Sugar Beets .....	\$50.00
Non-irrigated mustard, beans, peas, alfalfa seed, and corn .....	\$12.00
Any hay crop, irrigated or non-irrigated .....	\$12.00

**Hail Liability will continue in force on grain after it has been bound, shocked or windrowed until the insured has had a reasonable time to complete threshing or combining.**

**When Not to File Loss Claims.** Each year a large number of loss claims are filed where little or no hail loss can be found. A careful examination may show a little damage by hessian fly or wheat stem maggot. Or maybe kinked heads or wheat stem sawfly. This damage was overlooked before the storm and was increased by the strong winds accompanying it. None of it is caused by hail. Examination of these fields costs your hail department a lot of unnecessary expense which can be saved by a more careful examination of the fields by the insured.

**ADJUSTMENTS OF HAIL LOSSES** Will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

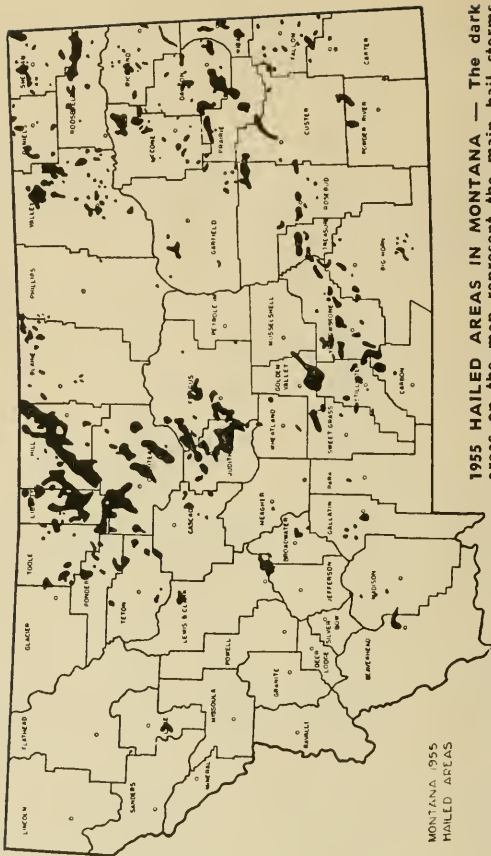
**State Hail Insurance liability expires after September 15 on grain and other crops, except sugar beets which expires after September 30.**

**Hail Insurance for Shareholders.** If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

**1956 Hail Insurance Rates.** All counties will take the same maximum rates as in 1955, except that the rate on sugar beets in zones 1 to 5 inclusive has been increased from 50% of the grain rate to 60%. The reserve fund is now up to the limit provided in the hail insurance laws and no levy will be made to add to it unless there is serious hail in 1956. If losses are moderate the hail board will make a percentage reduction of the rates for the season.

**Reduced Rates for Crop Failure.** If any insured crop is badly damaged or destroyed by other means than hail the insured may apply to the state board of hail insurance at Helena for a reduction of his premium under the terms of Sections 16, 17A and 17B in the Stipulations and Agreements on his policy.

**When to file claims for hail loss.** When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana, within 3 days.



**1955 HAILED AREAS IN MONTANA** — The dark areas on the map represent the main hail storms of the year for all of the claims filed with the State Hail Fund and the Stock Insurance Companies. The State Hail Fund loss ratio was 3.7% against the average all years of 6.2%. The North Dakota State Fund had bad losses of 8.6% against an average of 6%. Saskatchewan losses 5% (av. 3.8%) and Alberta losses 2% (av. 7.2%).

## STATE HAIL BOARD MEMBERS

- E. K. Bowman, Chairman, Helena.  
 Jens P. Olsen, Dagmar.  
 Hjortur Hjartarson, Ethridge.  
 Albert Kruse, Ex-officio, Commissioner of Agriculture.  
 Edna J. Hinman, Ex-officio, State Treasurer.

It is the duty of all county assessors to furnish grain growers with full information regarding State Hail Insurance and to receive and approve applications for hail insurance from the grain growers desiring it. This folder is issued for the purpose of assisting them in furnishing it.

### Hail Insurance Is a Necessary Cost of Raising Grain

As soon as you consider your 1956 crops insurable, we hope you will see your County Assessor and apply for it.

Issued April 1, 1956 by the

**STATE BOARD OF HAIL INSURANCE**  
**Helena, Montana**